

# **ATTACHMENT III**

**Scenario 1: Covered Loans Less Loans Paid-in-Full**

Processes	
Number of Covered Loans	416,091
Number of Covered Loans Less Loans Paid-in-Full	213,974
Loans Requested-to-Date	5,000
Loans Received and Reviewed	4,579
Number of Loans for Review	209,395

**Step 0: Receive Loans from Servicers**

Years to Receive Loans from Servicers	3.0
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**Step 1: [Proposed Lehman Protocol Iai-ii]: Review Remaining Loans**

Years to Review Remaining Loans	7.0
Cost to Trusts to Review Remaining Loans	\$52,348,750 - \$83,758,000
Cost to Estate to Review Remaining Loans	\$0 - \$0

**Step 2: [Proposed Lehman Protocol Ibi]: Plan Administrator Reviews Repurchase Requests**

Number of Requests from Initial Sample	2,612
Number of Additional Requests Submitted	119,355
Total Number of Loans Requested for Repurchase	121,967
Years for Plan Administrator to Review Requests	8.1
Cost to Trusts to Review Requests	\$0 - \$0
Cost to Estate to Review Requests	\$30,491,788 - \$48,786,860
Plan Administrator Agrees to Repurchase	60,984
Plan Administrator Declines to Repurchase	60,984

**Step 3: [Proposed Lehman Protocol Ie-f]: Trustees Negotiate Declined Repurchase Requests**

Years to Negotiate Declined Repurchase Requests	6.1
Negotiation Results in Resolution	15,246
Cost to Trusts of Negotiation	\$14,636,058
Cost to Estate of Negotiation	\$14,636,058

**Step 4: [Proposed Lehman Protocol Iia-f]: Claim Facilitator Reviews Unresolved Repurchase Claims**

Loans Sent to Claim Facilitator	45,738
Years for Claim Facilitator to Review Requests	3.6
Claim Facilitator Review Results in Resolution	34,303.26
Cost to Trusts of Claim Facilitator Review	\$9,147,536
Cost to Estate of Claim Facilitator Review	\$9,147,536

**Step 5: [Proposed Lehman Protocol IIIa-d]: Court Reviews for Final Resolution**

Loans Sent to Court for Final Resolution	11,434
Years for Court to Review Remaining Requests	27.2
Cost to Trusts of Court Review	\$19,601,863
Cost to Estate of Court Review	\$19,601,863

Cost to Trusts to Satisfy Protocol	\$95,734,208 - \$127,143,458
Cost to Estate to Satisfy Protocol	\$73,877,245 - \$92,172,318
<b>TOTAL COST TO SATISFY PROTOCOL</b>	<b>\$169,611,453 - \$219,315,775</b>

<b>TOTAL LABOR-YEARS NEEDED TO SATISFY PROTOCOL</b>	<b>55.0</b>
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**Protocol Process Complete Prior to Court Review**

<b>YEARS NEEDED TO SATISFY PROTOCOL (RUNNING BASIS)</b>	<b>35.7</b>
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**Court Review Performed Seriatim**

<b>YEARS NEEDED TO SATISFY PROTOCOL (RUNNING BASIS)</b>	<b>27.6</b>
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**Notes:**

Projected durations assume continuous throughput without scheduling delays or wait times.

**Assumptions**

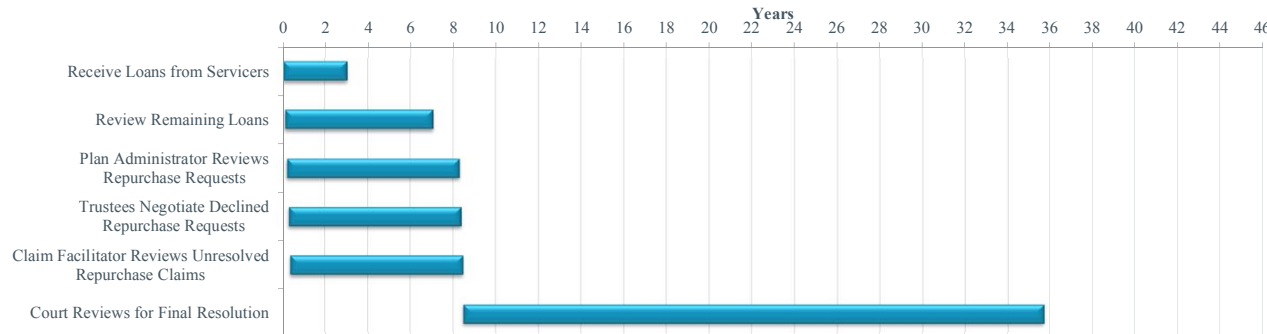
Any Loan that has not Paid Off is Reviewed (as of June 2014)	
3 Years to Receive Loans from Servicers	
40 Reviewers	
3 Loans per Day (Each)	
251 Days per Year	
\$250 - \$400 Cost per Loan (Range)	
100% Cost Attributable to Trusts	
0% Cost Attributable to Estate	
57% Breach Rate from Digital Risk Review Applied to 4,579 Loans	
57% Breach Rate Applied to 209,395 Loans	
20 Reviewers	
3 Loans per Day (Each)	
251 Days per Year	
\$250 - \$400 Cost per Loan (Range)	
0% Cost Attributable to Trusts	
100% Cost Attributable to Estate	
50% Agreed to Repurchase	
50% Disagreed to Repurchase	
4 Trustees	
10 Loans per Day (Each)	
251 8 Hour Days per Year	
25% Percentage Resolved	
\$600 Hourly Rate of Negotiation	
50% Cost Attributable to Trusts	
50% Cost Attributable to Estate	
75% Percentage Unresolved after Negotiation	
5 Facilitators	
10 Loans per Day (Each)	
251 8 Hour Days per Year	
75% Percentage of Requests Settled by CF and PA	
\$500 Hourly Rate	
50% Cost Attributable to Trusts	
50% Cost Attributable to Estate	
25% Percentage of Requests not Settled by CF and PA	
1 Judge	
7 Loans per Day	
60 8 Hour Days per Year (1 Weeks per Month)	
\$3,000 Hourly Rate (Lawyers/Experts)	
50% Cost Attributable to Trusts	
50% Cost Attributable to Estate	

**Scenario 1: Covered Loans Less Loans Paid-in-Full**

**Protocol Process Complete Prior to Court Review**

Step	Process	Rate per Month (Capacity)	Progress Rate per Month	Effective Rate per Month	Effective Rate per Year	Process Duration (Years)	Start (Years)*	End (Years)
0	Receive Loans from Servicers	5,817	n/a	5,817	69,798	3.0	0.0	3.0
1	Review Remaining Loans	2,510	5,817	2,510	30,120	7.0	0.1	7.0
2	Plan Administrator Reviews Repurchase Requests	1,255	1,431	1,255	15,060	8.1	0.2	8.3
3	Trustees Negotiate Declined Repurchase Requests	837	628	628	7,530	8.1	0.3	8.3
4	Claim Facilitator Reviews Unresolved Repurchase Claims	1,046	471	471	5,648	8.1	0.3	8.4
5	Court Reviews for Final Resolution	35	118	35	420	27.2	8.4	35.7
<b>Projected Duration:</b>								<b>35.7</b>

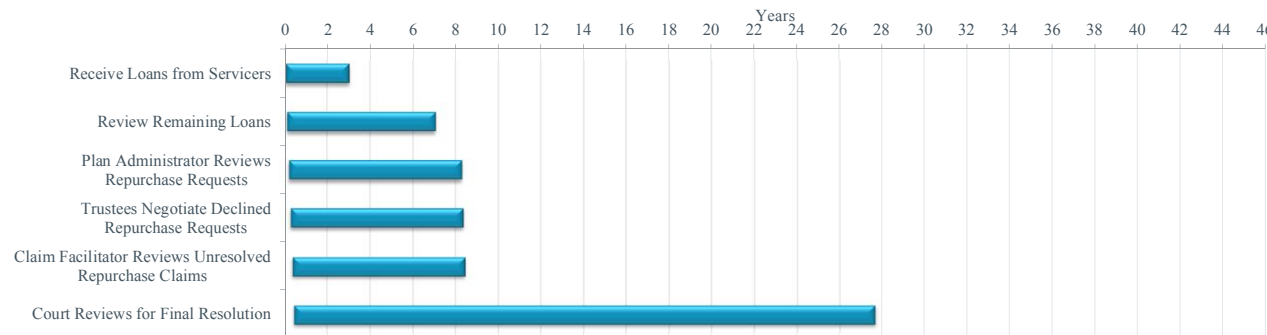
\* One month (.08 Year) elapses before each new stage begins.



**Court Review Performed Seriatim**

Step	Process	Rate per Month (Capacity)	Progress Rate per Month	Effective Rate per Month	Effective Rate per Year	Process Duration (Years)	Start (Years)*	End (Years)
0	Receive Loans from Servicers	5,817	n/a	5,817	69,798	3.0	0.0	3.0
1	Review Remaining Loans	2,510	5,817	2,510	30,120	7.0	0.1	7.0
2	Plan Administrator Reviews Repurchase Requests	1,255	1,431	1,255	15,060	8.1	0.2	8.3
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4	Claim Facilitator Reviews Unresolved Repurchase Claims	1,046	471	471	5,648	8.1	0.3	8.4
5	Court Reviews for Final Resolution	35	118	35	420	27.2	0.4	27.6
<b>Projected Duration:</b>								<b>27.6</b>

\* One month (.08 Year) elapses before each new stage begins.



**Scenario 2: Covered Loans with a Loss or Projected Loss**

**Processes**

Number of Covered Loans	416,091
Number of Covered Loans with Loss/Expected Loss	161,797
Loans Requested-to-Date	5,000
Loans Received and Reviewed	4,579
Number of Loans for Review	157,218

**Step 0: Receive Loans from Servicers**

Years to Receive Loans from Servicers	3.0
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**Step 1: [Proposed Lehman Protocol Iai-ii]: Review Remaining Loans**

Years to Review Remaining Loans	5.2
Cost to Trusts to Review Remaining Loans	\$39,304,500 - \$62,887,200
Cost to Estate to Review Remaining Loans	\$0 - \$0

**Step 2: [Proposed Lehman Protocol Ibi]: Plan Administrator Reviews Repurchase Requests**

Number of Requests from Initial Sample	2,612
Number of Additional Requests Submitted	89,614
Total Number of Loans Requested for Repurchase	92,226
Years for Plan Administrator to Review Requests	6.1
Cost to Trusts to Review Requests	\$0 - \$0
Cost to Estate to Review Requests	\$23,056,565 - \$36,890,504
Plan Administrator Agrees to Repurchase	46,113
Plan Administrator Declines to Repurchase	46,113

**Step 3: [Proposed Lehman Protocol Ie-f]: Trustees Negotiate Declined Repurchase Requests**

Years to Negotiate Declined Repurchase Requests	4.6
Negotiation Results in Resolution	11,528
Cost to Trusts of Negotiation	\$11,067,151
Cost to Estate of Negotiation	\$11,067,151

**Step 4: [Proposed Lehman Protocol Ila-f]: Claim Facilitator Reviews Unresolved Repurchase Claims**

Loans Sent to Claim Facilitator	34,585
Years for Claim Facilitator to Review Requests	2.8
Claim Facilitator Review Results in Resolution	25,938.64
Cost to Trusts of Claim Facilitator Review	\$6,916,970
Cost to Estate of Claim Facilitator Review	\$6,916,970

**Step 5: [Proposed Lehman Protocol IIIa-d]: Court Reviews for Final Resolution**

Loans Sent to Court for Final Resolution	8,646
Years for Court to Review Remaining Requests	20.6
Cost to Trusts of Court Review	\$14,822,078
Cost to Estate of Court Review	\$14,822,078

Cost to Trusts to Satisfy Protocol	\$72,110,698 - \$95,693,398
Cost to Estate to Satisfy Protocol	\$55,862,763 - \$69,696,702
<b>TOTAL COST TO SATISFY PROTOCOL</b>	<b>\$127,973,461 - \$165,390,100</b>

<b>TOTAL LABOR-YEARS NEEDED TO SATISFY PROTOCOL</b>	<b>42.3</b>
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**Protocol Process Complete Prior to Court Review**

<b>YEARS NEEDED TO SATISFY PROTOCOL (RUNNING BASIS)</b>	<b>27.0</b>
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**Court Review Performed Seriatim**

<b>YEARS NEEDED TO SATISFY PROTOCOL (RUNNING BASIS)</b>	<b>21.0</b>
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**Assumptions**

Any Loan that has not Paid Off is Reviewed  
(as of June 2014)

3 Years to Receive Loans from Servicers

40 Reviewers  
3 Loans per Day (Each)  
251 Days per Year  
\$250 - \$400 Cost per Loan (Range)  
100% Cost Attributable to Trusts  
0% Cost Attributable to Estate

57% Breach Rate from Digital Risk Review Applied to 4,579 Loans  
57% Breach Rate Applied to 157,218 Loans

20 Reviewers  
3 Loans per Day (Each)  
251 Days per Year  
\$250 - \$400 Cost per Loan (Range)  
0% Cost Attributable to Trusts  
100% Cost Attributable to Estate

50% Agreed to Repurchase  
50% Disagreed to Repurchase

4 Trustees  
10 Loans per Day (Each)  
251 8 Hour Days per Year  
25% Percentage Resolved  
\$600 Hourly Rate of Negotiation  
50% Cost Attributable to Trusts  
50% Cost Attributable to Estate

75% Percentage Unresolved after Negotiation  
5 Facilitators  
10 Loans per Day (Each)  
251 8 Hour Days per Year  
75% Percentage of Requests Settled by CF and PA  
\$500 Hourly Rate  
50% Cost Attributable to Trusts  
50% Cost Attributable to Estate

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1 Judge  
7 Loans per Day  
60 8 Hour Days per Year (1 Weeks per Month)  
\$3,000 Hourly Rate (Lawyers/Experts)  
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**Notes:**

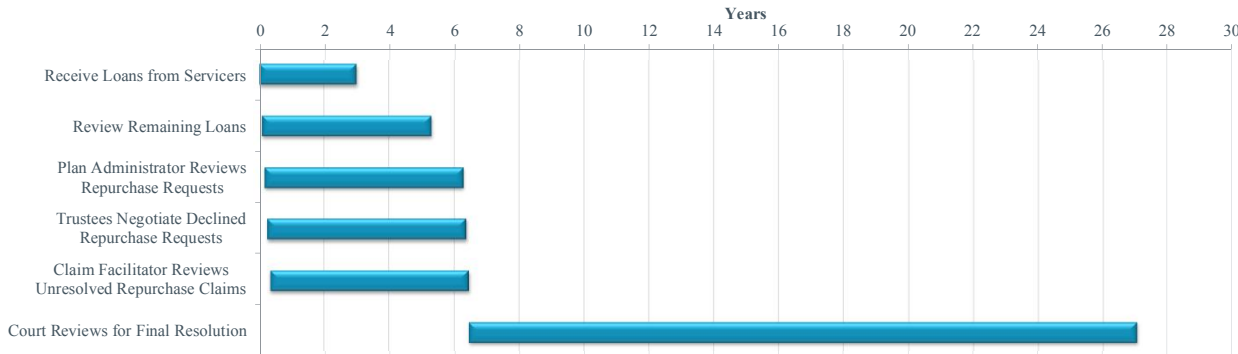
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**Scenario 2: Covered Loans with a Loss or Projected Loss**

**Protocol Process Complete Prior to Court Review**

Step	Process	Rate per Month (Capacity)	Progress Rate per Month	Effective Rate per Month	Effective Rate per Year	Process Duration (Years)	Start (Years)*	End (Years)
0	Receive Loans from Servicers	4,367	n/a	4,367	52,406	3.0	0.0	3.0
1	Review Remaining Loans	2,510	4,367	2,510	30,120	5.2	0.1	5.3
2	Plan Administrator Reviews Repurchase Requests	1,255	1,431	1,255	15,060	6.1	0.2	6.3
3	Trustees Negotiate Declined Repurchase Requests	837	628	628	7,530	6.1	0.3	6.4
4	Claim Facilitator Reviews Unresolved Repurchase Claims	1,046	471	471	5,648	6.1	0.3	6.5
5	Court Reviews for Final Resolution	35	118	35	420	20.6	6.5	27.0
<b>Projected Duration:</b>								<b>27.0</b>

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**Court Review Performed Seriatim**

Step	Process	Rate per Month (Capacity)	Progress Rate per Month	Effective Rate per Month	Effective Rate per Year	Process Duration (Years)	Start (Years)*	End (Years)
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1	Review Remaining Loans	2,510	4,367	2,510	30,120	5.2	0.1	5.3
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<b>Projected Duration:</b>								<b>21.0</b>

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